

Message Text

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SUBJECT: OPPOSITION LEADER STANFIELD'S SUMMARY OF NATIONAL OIL
POLICY PRINCIPLES

DURING COURSE OF JANUARY 7 COMMONS DEBATE ON OIL EXPORT
TAX BILL, PROGRESSIVE CONSERVATIVE LEADER
STANFIELD SUMMARIZED PRINCIPLES WHICH SHOULD SERVE AS
BASIS FOR NEW NATIONAL OIL POLICY IN IMMEDIATE FUTURE
AS FOLLOWS:

BEGIN TEXT

FIRST, THERE SHOULD BE AN OBJECTIVE OF DE FACTO
NATIONAL SELF-SUFFICIENCY. THIS INVOLVES THE EXTENSION
AND MODIFICATION OF EXISTING TRANSMISSION SYSTEMS AND
CONSTRUCTION OF NEW ONES. AT THE OPTIMUM, IT WOULD
ALSO INVOLVE NEW PRODUCTION FROM UNDERSEA SOURCES OFF
THE ATLANTIC COAST.

SECOND, THERE MUST BE A BETTER RETURN, A
REALISTIC RETURN, TO THE CITIZENS OF THOSE PROVINCES
NOW PRODUCING FROM SHRINKING CONVENTIONAL PETROLEUM
RESERVES. THE DETERMINATION OF A FAIR RETURN SHOULD
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INVOLVE AN EXAMINATION AND ADJUSTMENT OF FEDERAL

TRANSPORTATION AND DEVELOPMENT POLICIES WHICH WOULD ALLOW THOSE PROVINCES TO DIVERSIFY THEIR ECONOMIES.

THIRD, AN UNDERSTANDING SHOULD BE REACHED ON A FAIR PRICE FOR OIL FROM EXISTING CONVENTIONAL PETROLEUM RESERVES. THIS PRICE SHOULD BE BELOW INTERNATIONAL PRICES, AND IT WOULD BE HIGHLY DESIREABLE IF PRICE INCREASES UP TO THE AGREED PRICE WERE PHASED IN OVER A PERIOD OF TIME TO EASE THE IMPACT ON CONSUMERS.

FOURTH, BETWEEN THE FEDERAL GOVERNMENT AND THE PRODUCING PROVINCES THERE SHOULD ALSO BE AN UNDERSTANDING REACHED WHICH WOULD PUT INTO PLACE A SATISFACTORY FLEXIBLE MECHANISM TO ADMINISTER EXPORT PRICES FOR PETROLEUM AND ROYALTIES AND REVENUES DERIVED FROM THESE EXPORT SALES, RATHER THAN THE FEDERAL GOVERNMENT SIMPLY TAKING UNILATERAL ACTION.

FIFTH, THERE SHOULD BE FEDERAL-PROVINCIAL ACCORD ON APPROPRIATE LEVELS OF TAXATION AND ROYALTY SCHEDULES WHICH WOULD, AT ONE AND THE SAME TIME, REMOVE ANY PROSPECT OF MASSIVE WINDFALL PROFITS GOING TO THE OIL COMPANIES BUT ALLOW SUFFICIENT INCENTIVE TO STIMULATE NEW PRODUCTION FROM NEW DEVELOPMENTS. CONTINUED FRONTIER EXPLORATION, UNDERSEA EXPLORATION AND EXPANDED DEVELOPMENT OF PETROLEUM IN THE TAR SANDS AND HEAVY OIL DEPOSITS ARE THE KEY TO ASSURED SUPPLY AT STABLE PRICES IN THE FUTURE.

SIXTH, UNTIL DE FACTO SELF-SUFFICIENCY HAS BEEN ACHIEVED, IT WILL BE NECESSARY TO APPLY SOME SHELTER TO PETROLEUM PRODUCT PRICES IN THOSE PARTS OF THE COUNTRY WHICH ARE SUPPLIED FROM INTERNATIONAL SOURCES.

SEVENTH, IN ADDITION TO PROVIDING DEVELOPMENT INCENTIVES IN THE EXISTING PRIVATE SECTOR AND PROVIDING THE MEANS FOR A NATIONAL PRICE SHELTER PROGRAM, DEDICATED TO INCREASING CANADIAN PARTICIPATION IN THE OWNERSHIP AND DEVELOPMENT OF NEW ENERGY RESOURCES

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AND THE TECHNOLOGY ASSOCIATED WITH SUCH DEVELOPMENT.

EIGHTH, FEDERAL INCENTIVE PROGRAMS SHOULD BE INSTITUTED TO APPLY TO THE EXPANSION OF STORAGE FACILITIES IN VULNERABLE COMMUNITIES THROUGHOUT THE COUNTRY. IT SHOULD BE NATIONAL POLICY TO ENSURE THAT THERE IS A MINIMUM OF 90-DAYS SUPPLY HELD IN STORAGE AT ALL TIMES.

NINTH, CONSERVATION MUST BE A BASIC CONSIDERATION OF NATIONAL PETROLEUM POLICY. GOVERNMENTS MUST SET A GOOD EXAMPLE IN THEIR OWN OPERATIONS AND ACCEPT RESPONSIBILITY FOR GENERATING PUBLIC AWARENESS OF THE URGENCY OF CONSERVATION PRACTICES.

TENTH, AT THE UPCOMING FIRST MINISTER'S CONFERENCE ON ENERGY SOME ONGOING NATIONAL FORUM SHOULD BE ACTIVATED, A FORUM WHICH WOULD CONTINUE TO BRING TOGETHER THE JURISDICTIONAL AND ADMINISTRATIVE GROUPS INVOLVED IN ENERGY DEVELOPMENT IN ORDER TO PLACE NATIONAL OIL POLICY IN BROAD PERSPECTIVE.

END TEXT.

SCHMIDT

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